

CANADIAN BROADCASTING AS "A SINGLE SYSTEM"

A paper prepared for the Task Force on
Broadcasting

by

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CANADIAN BROADCASTING AS "A SINGLE SYSTEM"

This paper examines the reality or myth of the single system in Canadian broadcasting, and why and how it might be adapted to new conditions in radio and television.

There are three paramount issues to be faced. The first is that, contrary to the spirit and letter of a succession of broadcasting acts, the Canadian system is delivering an overwhelming preponderance of American radio and television materials.

The second issue is that the CBC, the national program service as defined by the Act, is burdened with conflicting pressure and excessive expectations.

The third is that, as the regulatory agency, the CRTC is also overburdened and has proven unable to implement the declared aims as defined in the Act, or keep pace with changing conditions in modern communications.

Broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements.

1968 Broadcasting Act, section 3(h)

The concept of a single system, at least for regulatory purposes, goes back in Canada to the first legislation dealing specifically with broadcasting -- the act of 1932. But for our purposes, we need consider only the arguments used in the period 1965 to 1968 that led to the provision in the Act of 1968 quoted above.

The essence of a system is that there are inter-related parts forming a whole, and that these parts share in the end or objectives for which the whole was designed. The parts may be able to operate independently -- may indeed be elements of sub-systems -- but the assumption is that their functioning is more productive or better identified if they are regarded as part of a larger grouping serving at least some common purposes.

The 1966 White Paper on Broadcasting that was referred to Parliament for consideration was unequivocal in asserting the necessity of the single-system concept:

"The Canadian broadcasting system, comprising public and private sectors, must be regarded as a single system which should be regulated and controlled by a single independent authority."

(White Paper on Broadcasting, 1966, p. 8)

Although in 1962 the CBC President, Alphonse Ouimet, had put forward the idea of dividing the system, with a public sector governed by its own Board and a private sector regulated by a separate authority, there was not enough public support for the idea of a dual system to make it an obvious alternative. The most practical difficulty it would have presented was that CBC radio and television coverage then (as now) was incomplete; private affiliates were needed within each CBC network: English radio, English television; French radio, French television.

Ouimet thought this difficulty could be erased in ten to twenty years. He argued:

If this were done, the private stations and the CBC would eventually operate independently of one another as do the public and private sectors in Australia and Britain.

In 1964 Andrew Stewart, chairman of the then regulatory authority, the Board of Broadcast Governors, supported Ouimet's advocacy of a two-board system, in which the role of the CBC Directors and that of the BBG would be clearly differentiated and one body would not be subservient to the other.

The Committee on Broadcasting (the Fowler Committee), reporting in 1965, was aware of Ouimet's views, but disagreed with them. The Fowler Committee disposed of arguments for a dual system in these words:

The Canadian broadcasting system, as it has been developed over the last thirty years, is one vast and expanding structure in which public and private broadcasters are inextricably mixed. All of them depend for their existence on licences to use public assets, and all share a common purpose - to inform, enlighten, and entertain the Canadian people and promote their national unity. A single national purpose should, if it is to be effectively and economically achieved, be subject to integrated direction and control...

The notion of a single system does not imply that all its elements are identical. In both public and private sectors of Canadian life, there are many examples of organizations having different parts or branches for which some unification or coordination of control is desirable and even necessary.

(Report, p. 96)

The government of the day (and all parties in Parliament) accepted the argument in favour of co-ordination through a single regulatory board (the Canadian Radio-Television Commission), but rejected the Fowler Committee's advice that

a second government-appointed board responsible for the management of the Canadian Broadcasting Corporation be abolished. Thus we have the provisions in the 1968 act establishing both the CRTC and an additional Board of Directors for the CBC.

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That is the background for the existing regime in broadcasting. There are two recognized sectors, public and private. The public sector comprises the national broadcasting service (CBC stations and networks). The private sector consists of two main elements: private broadcasting stations and networks, and cable television or any other "broadcasting receiving undertaking" (in the words of the 1968 legislation). The provincial educational broadcasters (for example, TV Ontario and Radio-Québec) are hard to classify, and are not mentioned in the Act.

The two sectors in broadcasting are declared to have similar objectives. As spelled out in Section 3 of the Act, these are:

- (1) "to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada";
- (2) to provide programming that is "varied and comprehensive," with "reasonable, balanced opportunity for the expression of differing views on matters of public concern";
- (3) to provide programming "of high standard, using predominantly Canadian creative and other resources."

(The CBC was assigned extra responsibilities, but we do not need to examine those here.)

Although the White Paper promised that Parliament would be asked "to provide funds so that the Canadian Broadcasting Corporation can complete coverage, to the fullest extent that is feasible, with all possible speed," the government gave no indication that full coverage would be attained through CBC owned-and-operated facilities alone. The national broadcasting service would continue to be distributed through a combination of public and privately-owned facilities; and the CRTC would determine what stations must become or remain CBC affiliates and on what terms.

The CRTC was also to be responsible for licensing, not only of private stations and networks but also of CBC stations and networks. At the times of licence renewal, it was to hold hearings during which the performance of all broadcasters (public and private) could be reviewed and assessed.

In 1968, CBC programming had some similarities with that of the private sector, but some substantial differences as well. In general, it was more varied, it responded more directly to special needs and minority tastes, it was more distinctively Canadian. Its Canadian productions on the whole were less popular with advertisers than were imported programs, whether carried on private stations or on the CBC. In radio particularly CBC audiences seemed to be declining at an alarming rate. In 1975 the Corporation was able to shake off radio advertising, and network radio became markedly different in tone and quality from the more purely local output of private radio, especially the AM stations.

Nevertheless, despite these programming differences, the CBC today still has 22 private radio affiliates and 31 television affiliates, plus scores of rebroadcast transmitters that are private or community-owned. Ours is still not only a "mixed system" overall (a mixture of public and private elements), but even the "national broadcasting service" is delivered through a mixed system.

In television, according to CBC figures, affiliates provide 20% of the geographic coverage, but almost 30% of the CBC's national audience. That relatively high share of the audience derives from the fact that many of the private

TV affiliates are located in less fragmented markets than are the majority of the CBC's 17 regional English-language TV stations and 12 French-language stations. (See The Strategy of the CBC, 1983, p. 49. The locations of the CBC's 29 regional TV stations are shown in the CBC 1983-84 Annual Report, pp. 9 and 13.)

A fuller use of satellites to distribute CBC radio and television might offer opportunities to disentangle the the public from the private services. But the radio costs would be very different from those of television -- and these would affect the timetable of such a transformation.

At this stage, then, we can conclude that we have indeed a "mixed system," its parts interconnecting. But can it in truth be called a "single system" with all parts directed to similar ends?

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What changes have come about since 1968? We look first at sound broadcasting.

In radio, the divergence between the public and private sectors is now very distinct. The CBC alone provides national services, and additionally it is the principal conveyor of regional (as distinct from local) programming. It is almost completely non-commercial; and its "live" programming is overwhelmingly Canadian in origin.

Private radio, on the other hand, is supported by advertising revenues; its musical programs are by-products of the (largely non-Canadian) recording industry; and it exists almost exclusively to serve local markets and local interests.

CBC radio, as we have pointed out, is dependent on a number of private stations for complete coverage, but these have become less essential as distributors over the years. The extended use of satellites might enable the CBC to achieve nearly complete self-sufficiency in its monaural and FM-Stereo services -- but this would require a considerable outlay for additional transmitters or ground stations.

When the Annan Committee (1977) was making recommendations on the future of broadcasting in the United Kingdom,

it observed that the rationale for separate broadcasting authorities in that country rested on two propositions. The first was that "each Broadcasting Authority should have its own source or sources of revenue and should not have to compete with other Broadcasting Authorities for exactly the same source of finance." The second justification for separating the two broadcasting authorities was that they should have (or be given) different objectives, so they would not pursue the same tactics in attracting and serving their audiences. Competition between two services with the same objectives, the Annan Committee said, tends to narrow the range of choice for the public:

Virtually unrestricted competition between three broadcasting networks [in the United States] narrows the range of programmes.... Competition for the same source of finance lowers programming standards so as to satisfy the lowest common denominator.

(Report of the Committee on the Future of Broadcasting, 1977, p. 72)

It is evident that in Canada we are reaching a stage where CBC and private radio are distinct. They pursue some overlapping objectives but they are in important ways different; and, of course, the public and commercial radio services are separately financed. It can therefore be argued that, so far as radio is concerned, there is little necessity to retain a common regulatory authority. If occasionally the distribution of CBC radio services needed to be rounded out through private affiliates, arrangements could be

negotiated between the CBC Board of Directors and the stations concerned, with the approval of a regulatory board governing the private sector in broadcasting.

We have seen that the CBC's network relay transmitters have already replaced a number of former AM affiliates. (In 1972 252 communities were served with low-power relay transmitters. In 1984 the CBC had 573 rebroadcast transmitters.) The FM-Stereo services in English and French have been made available to all Canadian cable distributors through satellite transmission. The CBC says that if all cable companies offered these services to their subscribers, potentially 85 per cent of the Canadian population could be reached. (CBC Annual Report, pp. 16, 21). In fact, cable companies are not required to offer this service, and few have done so.

Because (1) the CBC and private radio are pursuing different objectives, and (2) the new technologies have reduced the need for private radio affiliates, it would not produce a great wrench, either for the broadcasters or the concerned public, to abandon the idea of a single system in radio. The case of television, however, is much more problematic.

The changes in television since 1968 are even more dramatic than those in radio, but their nature, in so far as they affect the "single system," is quite different.

Television coverage has increased substantially for both public and private networks through the proliferation of rebroadcasting transmitters and a more modest increase in the number of originating stations. But the CBC is still far from being self-sufficient in its distribution of programs. In 1972 the CBC television networks had 42 private station affiliates; in 1984 there were 31 private affiliates (26 English and 5 French). The CBC employed 580 rebroadcast transmitters in 1984, but there were an additional 246 private or community-operated rebroadcast transmitters relaying the CBC's television services.

The story in television, then, is not so much the decline in the number and importance of the CBC's private affiliates, as the growth (in number and prosperity) of the private stations, of cable television, and the incipient changes in the methods of distributing all television programs.

The CRTC in presenting factual information about the broadcasting activities it regulates sometimes uses the categories radio, television, and cable television; at other times it speaks of the public sector (the CBC) and the private sector, which is subdivided into radio, television (stations and networks), and cable. All have grown substantially since 1968, but the private sector has expanded more rapidly than the CBC.

A simple way to compare the growth of the public and private sectors is to compare the operating revenues in 1968 and those of today.

In 1968 the CBC's revenues were about \$175 million. Operating revenues for all private stations, radio and TV, totalled \$195 million. The operating revenues for cable television were \$31 million. The CBC's share represented nearly 44% of the total revenues for all broadcasting in Canada.

By 1983, the CBC's revenues for all operations (radio and television) were \$840 million. (This excludes an estimated expense of \$50 million for depreciation not requiring a cash outlay.) About \$674 million of this amount came from parliamentary appropriations, and \$166 million were gross revenues from advertising and miscellaneous income. *

* See 1983-84 CBC Annual Report, pp. 45, 50, 51.

In comparison, the operating revenues in 1983 for the private sector totalled \$1.86 billion, distributed as follows:

Radio	\$ 492.1 million
Television	833.2 million
Cable TV	534.8 million
	\$ 1860 million *

In 1983 (fifteen years later), therefore, the CBC's share had declined from 44% of the total revenues to 31%.

If we exclude cable from our calculations, in 1968 private radio and television had revenues which slightly exceeded those of the CBC. In 1983 revenues for the private broadcasters -- excluding cable -- were over half as much again as those for the CBC -- \$1.325 billion as compared with the CBC's revenue of \$840 million.

The conclusion is that in 1968 broadcasting revenues were divided evenly between the public and private sectors. In the mid-1980s, the proportions are more like one-third and two-thirds.

With such a rate of expansion, the attentions of the Commission supervising the "single system" established by the 1968 Act are focused overwhelmingly on the private side.

* Source: Statistics Canada, Radio and Television Broadcasting, 1983. Catalogue 56-204
Cable Television, 1983. Catalogue 56-205

Our question is, not just how the public and private sectors of broadcasting interconnect, but how best they may be supervised, on the assumption that they form a single system. If they form a single system, the Commission in charge must be concerned for the success of each sector in discharging its responsibilities.

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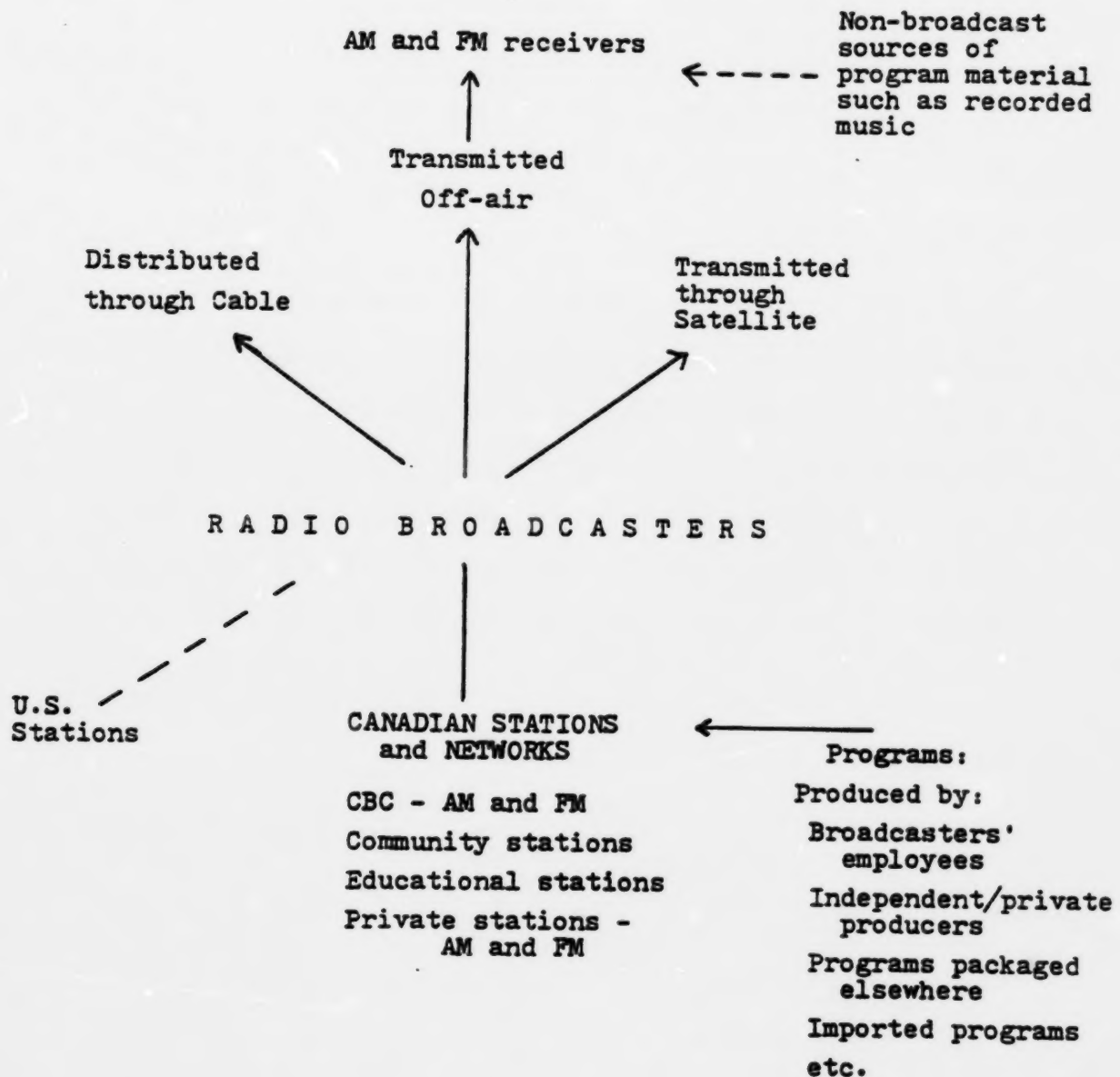
As we have observed, the system is growing more complex. It may no longer be appropriate to classify broadcasting activities under three simple headings: public (CBC radio and television), private (conventional or over-the-air broadcasters, radio and television), and cable TV.

One way of reordering the classification is to concentrate on what is available to the listener through the radio receiver (AM and FM) and to the viewer through the TV screen, and how the programs are produced and reach him/her through the distribution system. In this way of picturing the production process and the results, the television screen and the radio speaker become representative of the broadcasting system as a whole.*

We start with radio.

* This way of analyzing the system emerged in discussion with A.W. Johnson, former president of the CBC. He of course should not be held responsible for my elaboration or use of the model in this paper.

THE RADIO SPEAKER



In radio, the most significant elements are:

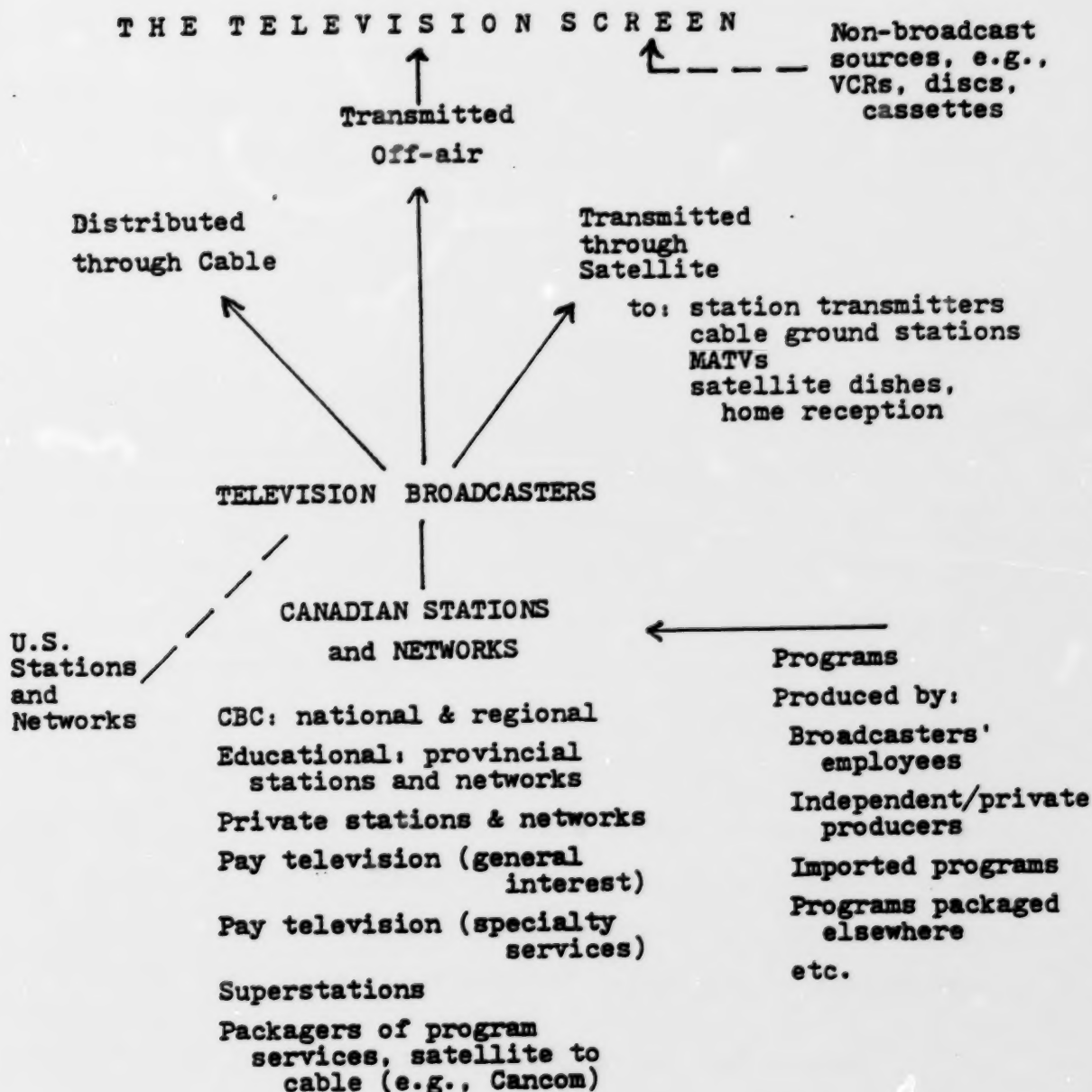
CBC radio (stations and networks)

Private radio (stations and networks)

Educational radio (school broadcasts that in their
programming aspects lie outside
federal jurisdiction)

It could and possibly should be a matter of public policy to see that the programs produced by these broadcasters are accessible to home receivers everywhere in the most economical and efficient manner. For example, the public authority might decide that FM-Stereo programs produced by the CBC should be available through all cable systems, or transmitted to remote areas in whatever ways are feasible.

Now we turn to television, the more complex part of the system.



The value of these charts is that they identify the central issue and the challenge for the Canadian system. Whether in radio or television, the system is to be judged by what is available on the radio dial or the television screen. We can then address the auxiliary questions.

Applying this central and ultimate test, we must ask: is it still useful to conceive of broadcasting as a "single system," or is it more realistic to divide it according to (1) main sources of funding, and (2) differences in objective?

If we conclude that in important respects broadcasting does form "a single system," do we then opt for one overall regulatory and supervisory authority to oversee and co-ordinate all activities associated with broadcasting, as the CRTC is required to do now? Or are there enough differences between public and private broadcasting to justify two autonomous boards, as in Britain? Or, as a third option, is it most practical to have a regulatory commission helping government (and Parliament) to set overall objectives, but a separate Board of Directors to manage and take responsibility for the operations and performance of the public broadcasting agency (the CBC)?

Before turning to these questions, we should note some main characteristics of the principal players which affect what we see and hear on television and radio.

RADIO

- CBC radio Public funding, with commercial revenue negligible. Main services: AM and FM-Stereo networks, French and English; regional networks; Northern Service; Radio Canada International. Programming more varied, somewhat more specialized than that of the private stations, particularly in information, music, and performance categories. CBC stations (46 English, 21 French) are supplemented by 22 private affiliates, 573 CBC rebroadcast transmitters, and 59 private or community-owned rebroadcast transmitters. (The number of private affiliates has greatly reduced. In 1972 there were 100 of these, in 1984 there were 22.)
- Private radio Supported by advertising. AM stations have about two-thirds of the audience, FM stations one-third (a growing proportion). Service is primarily local rather than network or country-wide. Programming is likely to be in two or three of the main categories, such as news, sports events, phone-in shows, and recorded music of distinctive types -- popular, rock, country, or classical.

TELEVISION

- CBC television Predominantly public funding, with a major supplement of advertising revenue. Emphasis on national and regional services, and on Canadian production (English and French). Programs intended for a general audience, with more attention to specialized interests than is typical in private

television -- including arts and sciences, music, dance and variety performances, religion and consumer information, television drama, and current affairs. Network services carried by 31 CBC stations, 580 CBC rebroadcast transmitters, 31 private affiliated stations, and 246 private or community-owned rebroadcast transmitters.

Educational
television

Provincial funding. The two largest services are TV Ontario and Radio-Québec. Programs for schools and for adults interested in learning, broadly defined.

Private
television

Supported by advertising. Programming of general interest, with emphasis on light entertainment programs, news and current affairs, and sports. Productions from foreign sources, mainly the United States, likely to be scheduled in peak times. Most stations have a network affiliation, with a few "independents" in the larger markets. Each licensed station has been expected to deliver a local service as part of its responsibilities. Many licensees are now interested in extending their coverage nation-wide -- in becoming "super-stations," along the lines of WTBS, Atlanta.

Pay television
(general
interest)

Supported by subscriptions sold through the cable companies. Programs mostly movies (feature films and films made for television -- and mainly American). Canadian content requirements are less than for conventional television broadcasters. Two firms now have a monopoly in their respective areas -- First Choice, east of

the Manitoba-Ontario border, and Allarcom Pay Television, in the West.

Specialty-
programming
services

Supported partly by subscriptions (an amount added by the cable companies to the subscription rate for ordinary pay television), and partly by advertising. The specialty services licenses to date are MuchMusic (operated by CHUM Limited); The Sports Network (owned by Labatt's Brewing and Ault Foods Ltd.); two multi-lingual services; and The Life Channel Inc.

Satellite-
to-cable
packages

This kind of service is typified by Cancom, licensed originally (in 1981) to operate a multiple-channel television and radio network via satellite to be available to remote or underserved areas of Canada. It had four Canadian member-stations (already licensed, in Edmonton, Hamilton, Vancouver and Montreal). Since then it has been authorized to add the network services of Detroit stations representing the four U.S. networks (ABC, CBS, NBC and PBS). The largest shareholders in Cancom are B.C. Television, owner of CHAN-TV and other broadcasting interests, and Selkirk, owner of CHCH-TV, Hamilton.

Revenues are primarily from subscriptions, but the additional audiences for the four Canadian stations represented will bring in greater advertising revenues also. (This is regarded by other stations as a potential threat to their revenues, and helps explain their expressed interest in becoming "superstations.")

Cable
distribution
systems

We have not included cable systems in our category "Canadian stations and networks," but have placed them on a different part of the chart. This is because, for the most part, cable systems distribute what the broadcasters produce, whether those programs are received terrestrially or by satellite. Cable represents the largest group of undertakings other than the conventional television and radio broadcasters.

Because they have been granted monopoly positions in the areas for which they are licensed, they have been required to give priority to Canadian networks and local television stations. They can group their offerings into tiers of services, and charge additionally for each extra tier, but here also there have been some restrictions. For example, they may distribute Canadian pay-television services, but not "general interest" pay-TV services (movie channels) from the United States.

The revenues of the cable companies come from subscriptions, and over 60 per cent of Canadian households have a cable connection. (The average is well above that figure in urban areas.) Revenues derive from subscriptions for the company's basic services, plus a portion of the fees each cable operator collects for pay television and specialty services. Cable companies are also developing a number of non-broadcast services for sale.

In the main, cable companies are carriers or distributors of programs and messages originated

by others. Indeed, some observers argue that cable television should be treated as a public utility, though this has not been the CRTC's position. (See Robert E. Babe, Canadian Television Broadcasting Structure, Performance, and Regulation, Supply and Services Canada, 1979, p. 134.)

So far, the general rule has been that cable systems cannot sell advertising, or arrange commercial sponsorship of their community services. Most cable systems carry a small complement of original material, such as news headlines, weather reports and airport arrivals. In addition, they meet the CRTC's request that they provide at least one channel of "local community" programming.

Master
Antenna
Television
(MATV)

These facilities are supported by subscription fees; but in hotels and apartment complexes, the services may be included in the overall rental charges. The CRTC has endeavoured to maintain some control of these services since the cable operators regard them as competition. But the CRTC's jurisdiction has been challenged, and it appears doubtful under the present wording of the Broadcasting Act.

As things stand, the CRTC has granted permission to a number of MATV systems to distribute the same television services as are offered by local cable systems, with the provision that users of MATV are not to be charged for off-air signals. However, the MATV owners can and do pass on charges for other services their systems carry.

Non-broadcast
sources

Sound recordings and video cassettes are usually heard or seen through radio and television receivers, and they too compete with "broadcast undertakings" for the attention (and financial resources) of the listener and viewer.

Radio stations have long known the competition of sound recordings, but the growth of subscription television services, notably the movie channels in pay TV, has undoubtedly been slowed by the popularity of video and film cassettes. Between twenty-five and thirty per cent of Canadian households are now estimated to have VCRs, in comparison with the thirteen per cent currently subscribing to pay television.

From a governmental perspective, the question has been raised whether tax revenues to support Canadian production might be realized from the selling or renting of commercially-distributed tapes, films, and records.

The first conclusion that emerges from our survey is that all the components we have described are parts of our broadcasting system, except for films and recordings that are not being broadcast. (Technically, non-broadcast materials are not part of the broadcasting system and its regulation, but they do affect what is seen and heard in the home.) All the components affect what we receive as listeners and viewers, they define the program choices we have, the information we receive, and our entertainment and cultural experiences. If as a sovereign country we believe that our communications patterns and institutions must serve our particular needs and interests (and every country seems so to assume), then our representative public authorities have a responsibility to see that the broadcasting system as a whole is structured so as to provide a service in the public interest, as much program variety as we can afford, and to have it distributed to as many viewers and listeners as possible.

The danger is that we avoid making the crucial judgments determining what will be heard or seen on the screen, and instead concentrate on the problems attending the development of each new technological advance (which are mainly in the transmission and delivery of programs).

If Parliament says, as it did in 1968, that the broadcasting system as a whole should "safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada," that the "programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources," then it is obviously someone's duty to see that this is being done.

How can it be done, in our new circumstances? We shall look at the advantages and disadvantages of three options:

- Option A: two independent authorities;
- Option B: a single regulatory and supervisory authority responsible for both sectors;
- Option C: a regulatory board and a CBC board of directors, each with carefully delimited responsibilities.

Option A

This option suggests that one authority should be given responsibility for regulating and supervising the privately-owned components of the system; and that another authority, independent of the first, should have responsibility for the public sector. Both authorities should be appointed by government, and responsible to Parliament.

This is nearer the system that applies in Great Britain, with the BBC and the IBA (Independent Broadcasting Authority) running parallel services, and being responsible for them. A difference in the British case, however, is that the IBA owns the facilities over which the commercially supported programs are broadcast. It selects the program companies that provide the service, and sets standards for them. In Canada, within the private sector, every phase of production and distribution would continue to be under private ownership.

The advantages of a system which in effect removes the CBC from the jurisdiction of the CRTC could be substantial.

1. The public would be less confused about where responsibility lies.
2. Each body would have occasions, prescribed by law or custom, to receive direct representations about the quality of services provided. As it is, only the CRTC holds regular public hearings, and the CBC Board of Directors for the most part operates behind closed doors.
3. The CRTC commissioners and staff today have not enough time to gain a full understanding of CBC operations. A separate and fully responsible Board could concentrate on the job that needs to be done by the public sector. (In the last two CRTC reports, for 1984 and 1985, only about half a page in 40 or 50 pages of text dealing with broadcasting are devoted to the CBC. In each case, the page made reference only to the possibility of reserving certain frequencies for the extension of CBC FM.) In 1974 the CRTC imposed certain conditions of licence on the CBC that the latter regarded as unrealistic, and the CBC's objections were upheld by the government -- resulting in the nullifying of the CRTC's decision. Such waste effort might be avoided if each board had its own jurisdiction independent of the other.

4. The level of funding provided to the CBC, both for operations and capital, is properly authorized by Parliament on the initiative of the Governor in Council. A major proposal to extend or restrict the public broadcasting service (such as the initiation of CBC-2/télé-2) should probably have been referred to Parliament, rather than to the CRTC. Such a routing would have been clearly indicated had the CRTC's jurisdiction been more specifically defined.
5. The objectives set out for the CBC in 1968 fit within the general objectives for the system as a whole, but they also go beyond them. For example, the CBC is expected to provide "a whole range of programming in fair proportion." It has a responsibility to extend service "to all parts of Canada as public funds become available." It has a particular obligation to serve "the special needs of geographic regions," in English and in French, and provide for "a continuing expression of Canadian identity."

Because the CBC is publicly funded, these are reasonable expectations. With the dependence of private broadcasters on commercial revenue, and the specialization that goes with the fragmentation of the market and the development of competitive media, it is not realistic to ask the same service of each or all private broadcasters. Different

objectives can be identified for the public sector and for individual components of the private sector, and it may therefore be argued that logic suggests a different form of governance. Each sector with its own objectives might with advantage be required to report to its own responsible public authority.

Those may seem important advantages that would flow from splitting more completely the public from the private sector. But there are obvious costs and penalties in such a move.

1. As pointed out earlier, the CBC still depends on a number of private affiliates in both radio and television to carry its programs to all corners of the country. The reliance on private stations is especially crucial in the case of television (and some of these stations, particularly the smaller ones, very much rely on the CBC for program and commercial availabilities). So long as such affiliation agreements are needed, there is an advantage from the standpoint of the private stations in having a third party decide whether their co-operation is indeed needed, and whether or not the terms of affiliation are fair.

(This difficulty for a dual system would disappear if the CBC could distribute its services to all communities through its own facilities or by cable. Such arrangements would bring the advantages of more flexible scheduling

and less reliance on commercial revenue. But the capital costs would be great, and at present we cannot count on such a level of public expenditure. Despite this cost factor, anyone concerned for the long-term solution should realize that the national service must eventually control its own means of distribution.)

2. There is a further argument against a dual or two-authority system, and it may be decisive. If the broadcasting legislation is not to be a dead letter or a graveyard of pious hopes, some authority is needed to survey the entire output and range of programs available to Canadians, and to recommend authoritatively to Parliament what level of Canadian programming is required for a Canadian broadcasting system to serve our own interests and objectives. Given the overwhelming financial advantages in setting up enterprises that essentially distribute programs produced elsewhere, only a public authority can effectively decide what that level and range of programming must be, in the combined public and private sectors.

With two separate and unconnected authorities, no one would be in a good position to measure the output against the requirements set out by Parliament, and mediate among the conflicting interests.

Option B.

We might return to a system where there is one regulatory and supervisory authority, delegated by Parliament both to oversee the public corporation and to regulate the private broadcasters as well as the auxiliary parts of the system, all in the interests of Canadian broadcasting. This was the option favoured by the Fowler Committee in 1965.

Apart from the opposition of the private broadcasters, most of whom would assume that the CBC's concerns would be declared paramount, there are several considerations that make such a change in the broadcasting regime impractical.

The advantage in a wholly unified system is that it is clear -- in theory, at least -- who has the responsibility for operating the system and reporting to Parliament. There is no duplication of effort between two public bodies, and no need for one appointed body to second-guess the decisions and recommendations of another.

But the disadvantages are overwhelming:

1. The operation of a public broadcasting agency in two languages, six or seven regions, in radio and television,

is extremely complex. In addition to skilled management teams, a responsible and accountable public broadcaster requires a board capable of deciding policy and of reviewing continuously the performance of all the programming and operational groups. A regulatory board, concerned with both broadcasting and telecommunications (as is the CRTC now) cannot master such complexities and at the same time exercise this enormous supervisory responsibility.

2. The private sector itself is now of such a size and complexity that a numerically large Commission has difficulty in understanding many issues coming before it. The commissioners must take adequate time to receive public representations and arrive at decisions consonant with the purposes of the Broadcasting Act. Taking on responsibility for the CBC's operations, and answering for it, clearly overloads the system.
3. There is also the disadvantage mentioned previously: the suspicion, impossible to erase, that if the "super-board" not only regulates private broadcasters, but takes responsibility for a large public broadcaster, it cannot adjudicate fairly between the two. The potential clash of interests would be lessened if the CBC were a completely

non-commercial service, but there would still be occasions when a private broadcaster's interests would conflict with those of the CBC.

We now come to our third option: two bodies with different functions, a reasonable degree of autonomy, and a minimum amount of overlapping. Let us see how this might work.

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Option C

This option, which has not yet been tested, includes some aspects of the "single system" concept (all parts of the Canadian broadcasting system do in fact interconnect) with the advantages of some decentralization and specialization among those parts.

There are Canadian objectives that we have traditionally wished all broadcasters to pursue, whether as producers or distributors of programs others produce; and they are well set out in the existing Broadcasting Act [Section 3, (a) to (e)].

But we have, obviously, failed to maintain a fair proportion of production available to all Canadian listeners and viewers which (in the words of the Act) uses "predominantly Canadian creative and other resources." It is estimated that only about 30% of the programs watched in English-speaking Canada are Canadian. This viewing pattern roughly approximates the choices available over the channels to which the viewers have access. (See A. Johnson, "The Re-Canadianization of Broadcasting." Policy Options, March/April 1983, pp. 6-12.)

The question of Canadian content on our screens and heard through our radio receivers is paramount. As explained by the current Chairman of the CRTC:

Were it not for the matter of Canadian content, and if there were only a need to distribute licences or decide on the use of frequencies, a tribunal such as ours or a quasi-judicial body like the CRTC would be completely unnecessary.

So, Canadian content is really the reason for the CRTC's existence. Up until now, the quantitative principle has seemed the most appropriate.... [but] it is becoming even more important that Canadian programming be attractive enough that people will choose to watch it.

(André Bureau, to the House of Commons Standing Committee on Communications and Culture, 28 May 1985, 16:11)

(There is a little exaggeration in Mr. Bureau's remarks. It has not been thought wise to leave the allocation of channels to a particular minister or government department because of the fear that political considerations might weigh heavily on the granting or withholding of licences. Hence, our arm's-length regulatory tradition.)

There is an overriding question which must now be answered by some responsible authority: how much Canadian programming is to be distributed to meet the needs of Canadian society in any particular decade? This is a

policy question of the most profound sort, and our elected representatives should have a hand in deciding it. Yet it is probably not wise to set out quotas in the broadcasting legislation, since the conditions affecting program output may change rapidly, according to economic conditions, the pool of creative talent, technology, and so on.

A regulatory commission such as the CRTC should be in a position to make an estimate, each year or two, of what quota is realizable, and to recommend that target to Parliament. Suppose the CRTC (with an overview of all broadcasting in Canada, and an intimate acquaintance with the affairs of all licensees in the private sector) were to say, "It is reasonable in 1988 to expect that 50 per cent of all television programs available to viewers in this country should be Canadian in origin and design. Of this amount, X per cent should be presented by the public broadcasters (mainly the CBC), and Y per cent by the private sector." If the government were to accept this recommendation, it could place it before Parliament, perhaps by a resolution in the House of Commons, and once it had received parliamentary assent, the obligation would be known and taken seriously by everyone concerned.

Then the CBC, given its "national service" responsibility and a mandate similar to that which exists today, could work out its cost estimates and the ways in which production would be allocated between its own staff or contract employees, and independent production companies with whom it entered into agreement.

The CRTC would then continue in a regulatory and supervisory role with respect to all the segments in private broadcasting -- private radio, private television (stations and networks), cable television, pay television, Cancom, etc. Aware of the resources available to each operator, the possibilities for cost savings through networking arrangements, and through a process of hearings and consultation, the CRTC could decide what part of the overall Canadian production should be presented or transmitted by each.

The above sets out the general pattern of Option C. It now remains to consider ways of meeting difficulties it suggests, particularly with reference to the two publicly-appointed bodies: the national broadcasting service (the CBC Board of Directors) and the regulatory agency, the CRTC.

The CBC Board of Directors

If the CBC is to fulfil its mandate without periodic reviews by the CRTC, it must be responsive to public demands and expectations through other routes. Of course under the present legislation, the CBC reports to Parliament through a designated minister; it answers questions from parliamentarians that are placed on the order paper; its President appears before the Standing Committee on Communications and Culture to explain and defend the Corporation's estimates and expenditures. But elected politicians are unlikely to be able to spend much time as listeners and viewers, and there is a limited amount that the CBC can learn about the public's response to CBC productions from these formal meetings.

The Board of Directors, although it is representative of regions and principal language groups, is virtually unknown to radio and television audiences. In the past, only when CBC licences have come up for renewal at CRTC hearings have there been formal occasions for interested groups or individuals to have their say about CBC services.

With a clearer assignment of responsibility for the CBC's fulfilment of its mandate, the CBC Board of Directors should emerge from the shadows and meet its publics face-to-face.

Preceding or following the regular Board meetings, or on special occasions, it could arrange opportunities for public discussion of its various program services, with programming heads in attendance. The Broadcasting Act should add such a procedure to the Board's powers and responsibilities.

At present the President of the CBC is also Chairman of the Board. As the chief executive officer, he heads the administration and he also serves as public spokesman and the individual most responsible for the CBC's program and distribution policies.

But if the CBC is to have a greater amount of independence from the general supervisory authority of the CRTC, it is especially important that the functions of the Board Chairman and the President (the chief of operations) be separated. The Board of Directors has authority delegated by Parliament; it should be able to exercise its judgment apart from the advice it receives from the President and the staff appointed by him/her.

We have suggested that the CRTC have authority to establish broad program responsibilities, divided in some ratio between the CBC and the private sector. In order that its expectations be realistic, the CRTC should be required

to consult with the CBC before making its recommendation to the government as to the CBC's production quota. If the two appointed bodies cannot agree, the final accommodation should be worked out by the Minister acting as spokesman for the CBC, or possibly by a Cabinet committee.

Once the CBC has been assigned its quota of Canadian programming, it should have the power (subject to parliamentary review) to determine how much of its production, and which categories, should be undertaken by its own staff, or by persons on contract, or by outside production companies. Its Directors and management must judge such questions in line with the Corporation's mandate, its program policies, and the general need for economy, efficiency and accountability of its operations.

If the CBC's programs should require additional outlets (such as cable channels) to meet its quota in terms of presentation, it would be the CRTC's responsibility to make regulations governing such distribution through the private sector.

So far as the CBC's affiliation agreements are concerned, these would work as at present. The CBC and its station affiliates arrive at mutual agreements which the CRTC authorizes. If an agreement cannot be reached, the

CRTC makes its own decisions as to what terms are fair to each party.

As finances permit, the CBC should continue to find ways of ensuring distribution of its program services to all segments of the population without the use of private affiliates. The intent and result in any case should be a more even distribution of the national program service, and a system that is more rationally divided into public and private sectors.

The CBC's budget, as recommended by the Fowler reports of 1957 and 1965 (and by the government's White Paper in the latter year) should be set for a period of years ahead, perhaps based on a formula related to the country's GNP. In this way the CBC could plan its production and capital expenditures more effectively and efficiently than if its budget goes up or down according to the whim of the government of the day. The CRTC's recommendations would likewise be more firmly based if it knew of the CBC's financial resources two or more years ahead.

The extension of the CBC's program or distribution services, for example, requiring sizeable capital expenditure, should be a matter of government policy, with the Minister approving or disapproving recommendations from the CBC Board

of Directors. Likewise, if the national program service requires the reservation or assignment of channels or frequencies, this also should be a decision of government, and the CRTC in this instance would make such assignments following a directive from the government.

The CRTC

In Option C, the CRTC would remain as the regulating and licensing authority for the private sector of broadcasting which, as was pointed out, is now much larger, richer, and more diverse than it was in 1968.

In addition, the CRTC would have the new and specific responsibility of periodically surveying the capacity of Canadian broadcasters to produce and distribute Canadian programs, and so to maintain a fair balance between domestic and foreign programs carried on Canadian facilities and reaching the home receivers.

The CRTC's task would then be to ensure that the responsibilities of all parts of the private sector are carried out in pursuance of objectives declared in the Act as interpreted by the CRTC.

For this design to work, the CRTC would have to be granted sufficient flexibility to make regulations appropriate to each class of licensed operation. For example, if the overall target for Canadian television programming were to be set at 50% of what appears on television screens, each component in the system would not necessarily be expected to contribute to the same degree.

Requirements for prosperous stations in the larger markets might well differ from those for smaller or more remote stations; requirements for network affiliates might differ from those for stations serving only local communities. Requirements for new enterprises might differ from those for established ones; and so on, for special interest pay television services, for the movie channels, or other services. And the regulations for companies that are essentially carriers or distributors would certainly differ from regulations applying to producers of original programs.

Because our elected representatives should establish general policies, the government should have the power to issue broad directives to the CRTC. However, the government should be careful not to infringe upon the independence of the CRTC and its capacity to make decisions on particular matters that come before it in public hearings, and on which it adjudicates in a quasi-judicial manner.

The CRTC's authority with respect to the CBC would be delineated as outlined in the section above dealing with the CBC Board of Directors.

Since the CRTC's prime responsibility would be to recommend to the government what percentages of programming reaching the listener and viewer over Canadian facilities should be Canadian in origin and design, certain conditions would have to be met if it is to do so wisely and effectively.

1. The CRTC should once again have a mandate in the revised Broadcasting Act to ensure that the programs reaching the public are predominantly Canadian in character and content.
2. The private stations and distribution systems should be required to meet the objectives as now set out in Section 3, sub-sections (a), (b), (c) and (d) of the present Broadcasting Act.
3. The CBC's legislated mandate should in the main be similar to that in the present Act [Section 3, sub-sections (a) to (h)], but that mandate should be set apart from the provisions that apply only to the private sector. As it is, there is a tendency to confuse what is expected of the CBC and what the private stations are asked to do, and (not surprisingly) private owners sometimes respond, when asked about their Canadian content, "Oh, that is the job of the CBC!"

4. Prior to setting Canadian production quotas for the CBC and for private broadcasters and distributors, the CRTC should be asked to produce a general survey of the state of broadcasting in Canada.* The document containing the survey along with the CRTC's recommendations could then be submitted to Parliament as the subject of an inquiry conducted (let us say every two years) by the House of Commons Committee on Communications and Culture. In the course of the investigation, the objectives of the broadcasting system and its failures and successes would receive widespread attention from the media and the public, and such reactions could surely be of assistance to Parliament in making its authoritative response to the CRTC's recommendations.

Finally, for the system to work well, much would depend on the quality of appointments to the CRTC and to the CBC Board of Directors. A new practice must be developed so that the ablest candidates are found. It has been suggested that the leaders of all parties in Parliament could be asked to make nominations in confidence to the government of persons well qualified to serve on the Commission or on the CBC Board of Directors. It would then be the government's responsibility

*This suggestion arose in discussions with a former Chairman of the CRTC, Professor John Meisel.

to choose a board which is not strongly partisan and which reflects a reasonable variety of background and experience. Should a procedure be established by which a House or joint committee reviews major appointments, these nominations might then be referred to that committee for endorsement.

Though of course these bodies are always accountable to Parliament, it is crucial that the CRTC and the CBC Board of Directors be recognized as well qualified to exercise informed and independent judgment about their respective and clearly defined responsibilities.

With appropriately selected trustees, more clearly identified responsibilities and goals, and more public knowledge of expectations for the system as a whole, the public interest will be better served than it is today.

Conclusions

Ours is an advanced and sophisticated broadcasting system, but its delivery mechanisms are more developed than its production elements. We live next to a country whose films, records, and television programs at this stage are influencing the entire world -- but nowhere is the impact greater than in Canada. One does not wish to interfere with anyone's right to hear available programs from outside our borders. But to the extent that the system we have devised now serves mainly as a relay for American material, rather than as a means of communication among ourselves, it is out of balance and fails to meet our needs.

It was Karl Deutsch, the internationally recognized social scientist, who observed that one of the tests of nationhood is whether there are more communications among the people within a country than with people outside the national boundaries.* If one uses television as a measure, it is very doubtful that Canada is a sovereign nation-state today.

* See Karl W. Deutsch, Nationalism and Communication (Cambridge, Mass., 1953), pp. 1-14.

We have found that all the elements in our broadcasting system are interrelated, and that public authorities have traditionally (for over fifty years) expected them to serve interests particular to Canada. But the record shows that confusing signals are being sent to our broadcasters, public and private. Our regulatory bodies have not insisted on the primacy of programs produced by and for Canadians over economic returns. The CRTC in recent years has become over-extended, required as it is to regulate and supervise not only the private but the public sector, and not only broadcasting but telecommunications. Furthermore, our central public agency for producing and distributing national programs, the CBC, has cumulatively been all but overwhelmed by demands too great and too conflicting in relation to the available resources.

The system as a whole obviously needs to be reconstituted. This paper has looked at three options, and found that the third clearly offers the most realistic prospects for improvements. Its central features include a more limited role for the CRTC as a regulating body; a position of leadership assigned to it in determining realistic overall objectives for Canadian programming in the public and private sectors; a more important role for the Directors of the CBC; and a

revision of the Broadcasting Act that will make the whole system more understandable to all, and better fitted to serve Parliament's declared aims.

This paper by considering the system as a whole attempts to avoid confusing symptoms with causes -- for example, by focusing on one part of the whole, such as the CBC. All its components and their relationships, one to another, have to be reviewed and adjusted, one to another, and that we can assume is the purpose of this public inquiry.